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APRIL 6 1959

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SUBJECT: Lecture by German Economic Minister Richard Eibard on European Economic Organization USW-1 NAY-3

On Monday, March 23, Minister Eibard delivered one of the regular monthly lectures before the Centro Italiano di Studi per la Riconciliazione (Italian Center for Studies on International Reconciliation) at the Arsenale di Venezia. The Center has succeeded in securing the presence of a number of distinguished European economic and political figures and the audience usually contains a number of leaders of the Italian political and economic community. Minister Eibard's lecture was outstanding in this respect and the attendance was a notable tribute both to Eibard's personal stature and the recognition of German economic pre-eminence on the Continent. An audience including former President Einaudi, Prime Minister Segni and several other cabinet members including Pella, Tamburini, Forzani-Agricola, and Modigliani plus the British, French, German, Austrian, Phillipsburg, Danish and several other ambassadors sat for two hours in a badly over-crowded and over-heated room listening to a forceful exposition by Eibard of his known views on a free market economy and an expanded European Economic Community. In the absence of the Ambassador, who was in Sicily delivering an address, the U.S. Embassy was represented by an Embassy Counsellor.

Eibard's delivery was truly impressive. He spoke in German without any notes, talking in approximately five-minute segments each followed by a verbatim translation into Italian.

He opened by referring to his known conviction that a free market economy was the solution to most economic problems, particularly in Germany. He did, however, recognize that this did not apply to all situations and said that some years ago he had agreed with the late Italian Minister Vassalli that the problem involving the development of southern Italy was an obvious exception. He commented that the maintenance of a free market economy usually did not meet with much popular acceptance in its early stages. His experience in Germany had been that business interests had welcomed it enthusiastically in advance and that the mass of the people had opposed it, but after some years of a useful application he found a very large measure of mass acceptance and at the same time a growing number of protests at some of the hardships involved on the part of business men.

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He alluded to his responsibility of anti-trust legislation and to protective regulations in German tariffs which he said aggregated about 40 per cent. He said these were made not in the interests of firms exporting to Germany but in order to insure that German industries would remain competitive.

He then turned his attention to European economic organization and won the obvious approval of the British, American and Danish delegations by advancing vigorously continuing efforts to expand the area of economic collaboration beyond the present limits of the German Market. He urged that the main emphasis be on commercial aspects rather than political aspects of this integration in the interests of this broadening and to prevent the creation of alliances for states such as Austria and Switzerland. He also urged the greatest possible flexibility in organizational and institutional structure for the same reason.

He ended his speech with a strong stand against compromise on political principles and a recognition that there were higher factors than purely economic considerations to be considered. By economic statement, by this he was apparently referring primarily to social and moral rather than political objectives.

For the Ambassador:

Karl D. Behn
First Secretary of Embassy

cc: James
Pattie
Landon
Lambert-Jones

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